



2026 Financial Incentives. All homes must achieve a minimum of five percent (5%) kWh savings over the Texas 2018 TRM Baseline Reference Home (TBRH) established by the Public Utility Commission of Texas (PUCT) in the *Texas Technical Reference Manual (TRM) Version 12 Measurement & Verification Protocols*. This eligibility threshold is designed to limit free-ridership and ensure project level cost-effectiveness. These incentives will be made available only for homes with a meter set date on or after July 1, 2025.

Tier 1, a home must meet the mandatory measures: **15.2 SEER2 AC** and Grade 1 wall and R-38 ceiling insulation installation and must meet 3 out of 6 of the additional elective options.

Tier 2, homes must include **15.2 SEER2 - 7.5 HSPF2 AC** systems and have the same mandatory Grade 1 wall and R-42 ceiling insulation installation requirements and features a 4 out of 6 additional elective requirements.

Tier 3, homes must include **15.2 SEER2 – 7.8 HSPF2 HP AC** systems and have the same mandatory Grade 1 wall and R-42 ceiling insulation installation requirements and features a 4 out of 6 additional elective requirements.

Innovation option: will replace the elective requirements. method to complying with Tier 1, 2 & 3 by installing “**Foam Encapsulation**” Attic. Effectively, by virtue of the properties of foam encapsulation, most elective measures from Tiers 1, 2 & 3 are met with exceedingly high performance: duct leakage is virtually eliminated, infiltration rates far exceed traditional buildings.

Table 1: 2026 Incentive Schedule

Mandatory Program Requirements	Tier 1	Tier 2	Tier 3
Climate Zone	CZ2	CZ2	CZ2
Minimum Cooling SEER2 Value	15.2	15.2	15.2
Grade 1 Wall Insulation	Yes	Yes	Yes
Grade 1 Ceiling insulation	≥R-38	≥R-42	≥R-42
Electric Water Heat Efficiency	-	-	0.95
Heat Pump SEER 2 - HSPF2	-	7.5	7.8
Elective Requirements	Must meet 3 of 6 (Tier 1)	Must meet 4 out of 6 (Tier 2)	Must meet 4 out of 6 (Tier 3)
Duct Leakage CFM/100 sq. ft.	≤ 4	≤ 3.5	≤ 3.5
Infiltration ACH50	≤ 4.5	≤ 4	≤ 4
Average Window SHGC	≤ .24	≤ .22	≤ .22
Average Rated Wall + Sheathing R Value	≥ R-15	≥ R-15	≥ R-15
High Efficiency Lighting %	≥ 90%	≥ 95%	≥ 95%
Radiant Barrier	Yes	Yes	Yes
Incentive Amount	\$200.00	\$300.00	\$400.00
Additional Bonus Incentives (One Per Home)			
Heat Pump Water Heater	\$800	\$800	\$800
EV Charger “READY”	\$100	\$100	\$100
Heat Pump Bonus (15.2 SEER2 - 7.5 HSPF2)	\$100	\$100	\$100
Heat Pump Bonus (16.2 SEER2 - 7.8 HSPF2)	\$200	\$200	\$200
Right-Sized Heat Pump HVAC	\$50	\$50	\$50
Smart Thermostat (Energy Star)	\$50	\$50	\$50
Affordable/Low Income Housing	\$100	\$100	\$100



Additional details on Program incentives are listed below.

- A. Incentive Payments are subject to the submission of required documentation, and cooperation with random QA/QC (Quality Assurance/Quality Control) verification inspections. Required documentation includes: (a) Completed database forms for each home/unit address; (b) Uploaded address specific Ekotrope file for each home/unit.
- B. Any home with a documented minimum of five percent (5%) savings over the Texas 2018 TRM Baseline Reference Home, completes Section 3 (Fully Aligned Air Barriers) and Section 5 of the most current revision of the Thermal Enclosure System Rater Checklist, AND performs both Blower Door and Duct Blaster Testing (including leakage to outside) shall be eligible for incentives. All homes must meet the minimum energy code applicable to where the home is constructed in addition to the above requirements.
- C. Successful completion of the most current revision of the Thermal Enclosure Checklists (TBC) including: (a) Rater Design Review Checklist and Rater Field Checklist; (b) HVAC Design Report; and (c) HVAC Commissioning Checklist. Upon request, a copy of the completed and signed inspection forms and checklists shall be made available to Program staff within 3 business days.
- D. **Bonus incentives** will be paid for **15.2 SEER2 7.5 HSPF Heat Pumps and Higher** units. The program will only be incentivizing builders who switch from electric resistance furnaces to heat pumps or who increase the SEER2 level of their existing heat pumps; these incentives will be allocated to each builder during the application process.
- E. All evaporators and condensing units should be properly matched as demonstrated by an **AHRI certificate**.
- F. **Right-sizing Heat Pump AC incentives** are also available for homes under the whole house path that have submitted an ACCA approved Manual J. Systems installed will be required to be sized according to *ANSI/ACCA 3 Manual S – 2014* sizing standards noted in *Table N2-1, Sizing Limits for Cooling Equipment Only*. All submittals must be reviewed and approved to have met all requirements before incentives are awarded.
- G. To qualify for the **Smart Thermostat bonus incentive**, applicants must submit the system's model number and serial number to the database. To verify system eligibility, visit the [ENERGY STAR website](#).
- H. **EV “Ready”** – The Builder will prewire an electrical outlet for the future installation of a Level 2 electric vehicle charging equipment.
The EV Ready shall consist of:
 - A dedicated 40 or 50-ampere, 208/240-volt dedicated branch circuit, and labeled “EV Ready” in the service panel or subpanel directory.
 - A NEMA 14-50 outlet located near the designated EV Ready Space and labeled “EV Ready” on or near the outlet faceplate.

- I. Multi-family incentives are paid at fifty percent (50%) of single-family incentive structure. Attached residential units, with greater than two units per building and three stories or less. All units must be individually metered. Customized incentive packages may be required depending on project size and other factors.

Performance Milestone Date Requirements. To qualify for Incentive Payments, Homebuilder must meet the following Performance Milestone Date Requirements:

Table 2: Performance Milestones

Date	Performance Milestone Date Requirements
April 6, 2026	At least 30% of total committed homes must be entered on the Program's online system; Homebuilder must have selected at least one preferred HERS Rater on the online system.
July 6, 2026	At least 70% of total committed homes must be entered on the Program's online system and the required documentation for the invoiced homes must be uploaded on the online system.
October 5, 2026	At least 90% of total committed homes must be invoiced on the Program's online system and the required documentation for the invoiced homes must be uploaded on the online system.
November 20, 2026	100% of total committed homes must be invoiced on the Program's online system and the required documentation for the invoiced homes must be uploaded on the online system.

Home Eligibility Requirements. For purposes of this Agreement, the term "Eligibility Requirements" or "Home Eligibility Requirements" means (i) Builders will enter home **starts into database within forty-five (45) days** of permit date and home must be served by AEP Texas in a AEP Texas service territory as evidenced by town, zip code and ultimately a permanent meter number or ESI ID number associated with the home; (ii) the home has not received incentives from any other AEP Texas energy efficiency Program as evidenced by the permanent meter number or ESI ID number submitted through the Program's online system; (iii) a home's construction must be completed, and a permanent meter requested from AEP Texas between July 1, 2025, and November 20, 2026 (as determined by the AEP Texas permanent meter set date); (iv) the final HERS Rating for the home must be performed and dated between July 1, 2025 and November 20, 2026; and (v) the home must satisfy all Program requirements. AEP Texas will offer incentives to reward Homebuilders who deliver homes that meet the Program guidelines kilowatt hour (kWh) savings. The number of incentives awarded to each Homebuilder is determined through a competitive bid and scoring process. The incentive structure is designed to measure kWh savings achieved above the minimum Texas Baseline Reference Home. To be eligible for participation, a home must achieve at least a five percent (5%) savings over the 2018 TRM Texas Baseline Reference Home and meet all energy code requirements. All participating Raters **MUST** submit the required information for all completed homes for each participating builder **within sixty (60) days of Final Inspection** (Certification) and **Permanent Meter** set to the house.

If Homebuilder fails to meet the performance date requirements, ICF may withdraw some or all of the Incentive Payments for homes for which Documentation has not yet been submitted. If ICF withdraws potential Incentive Payments it may, in its sole discretion, allow Homebuilder to reclaim a portion of any withdrawn Incentive Payments if Homebuilder exceeds future Performance Milestone Date Requirements.